



United Nations
Economic Commission for Africa

30th African Union Summit

32nd Ordinary Session of the Executive Council

**Theme: Winning the fight against corruption:
A sustainable path to Africa's transformation**

Statement

by

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Addis Ababa
25 January 2018

**Your Excellency, Mr. Moussa Faki Mahamat, Chairperson of the African Union Commission;
Excellencies, Ministers of the member States;
Distinguished Commissioners of the African Union;
Distinguished Ambassadors and Heads of Mission;
Representatives of the private sector, civil society and the media;
Distinguished guests;
Ladies and gentlemen,**

It is a great honour for me to participate in the 32nd Ordinary Session of the Executive Council of the African Union and to deliver my first address at this Summit, which addresses the very important theme, “Winning the fight against corruption: a sustainable path for Africa’s transformation”.

This is my first African Union Summit in my new role as Executive Secretary of the Economic Commission for Africa (ECA).

As you know, promoting Africa’s structural transformation through diversification of our economies is a priority for ECA and for the United Nations. We welcome the establishment of support mechanisms to better support African Governments in the implementation of their sustainable development policies and programmes, and in achieving the objectives set out in the 2030 Agenda and Agenda 2063.

Unfortunately, certain scourges, such as corruption, in many of our African countries constitute a significant constraint to the aspirations for economic transformation and sustainable development. Allow me to compare corruption with a cancer that is slowly killing African politics, economies and societies. And the only sustainable cure for this disease is for us to find and define it.

Today, the words of President Trump have made an impression upon us all. About 10 years ago, the President of France said this about Africa:

“The tragedy of Africa is that the African has not sufficiently made history. The simple country-dweller of Africa, who for millennia has lived with the seasons, whose ideal of life is to be in harmony with nature, knows only time’s never-ending cycle, punctuated by the endless repetition of the same gestures and words.”

In this imaginary world where everything is condemned to endless beginnings, there is no room for human adventure or the idea of progress.

If we think about the issue of corruption, we may feel that we are only just beginning the fight against it, with uninspiring results thus far.

Honourable Ministers, ladies and gentlemen,

After living in Addis over the past few months, I have experienced the heartbeat of one of Africa's most vibrant capitals. But when you, the leaders of the continent, descend on Addis, it gives it a whole new flavour.

I am indeed privileged to be standing here today as a part of this Addis yearly symphony.

We come here to remind ourselves of the struggles our forefathers waged to set us free. We come here to recommit to building our continent and our union and to reaffirm our collective aspiration for a better sunrise.

But as surely as the sun rises on Africa, the scourge of corruption continues to dim its light.

To restore resolute confidence in our shared future and the dreams of a brighter day for our youth and all our citizens, we cannot but commit to fight against corruption.

Honourable Ministers, ladies and gentlemen,

Yesterday as I was working on this speech, I learned that one of Africa's great freedom fighters passed away. Someone who used music to tell us about the struggle for a better Africa. Hugh Masekela. Hugh was one of the best we had. If you permit me, I wish to honour his work. He sang many a song about the Africa we want. As a tribute to him and many others, we must carry the message further.

Ladies and gentlemen,

The only logical and winning formula for true independence and for a transformed Africa is that we collectively conquer corruption.

How can we get the Africa we want?

When we let our most precious assets drown quietly in foreign waters and thirst for freedom under the unforgiving heat of the desert because of corruption?

Where is the Africa we want?

When our youth do not believe in their leaders or their institutions to deliver what they need most, when that social contract is broken.

How can we get the Africa we want?

When women in rural Africa cannot get access to land and collateral to feed their families and ensure good health for their kids, because of corruption?

How can we get the Africa we want?

When our mothers perish in hospitals every day because medicines are not available or because they must pay a bribe to get treatment?

How can we get the Africa we want?

When access to electricity in many of our countries is constrained because of poor contracts, badly negotiated deals that penalize our competitiveness, because of corruption.

How can we get the Africa we want when we let billions leak out of the continent only to spend time begging for minimal sums because of corruption?

Corruption, we must admit, has held us back for far too long.

The injustice of corruption brought to life within our institutions is more powerful than any other injustice we as Africans could face.

But it is within our remit to repair this cancer, that is why I applaud the African Union for taking on this theme as the main battle cry of the union for the year ahead.

Our course as Africans has been a troubled one and many a time our courage has been tested. But we have prevailed and we stand here in Addis Ababa today because those who came before us fought for the future.

We are at a crossroads – our young people are waiting, desperate and anxious for what path that the leaders gathered here today will allow them to chart?

That is why the topic of corruption or anti-corruption is so appropriate.

Honourable Ministers, ladies and gentlemen,

Africa has recently embraced two very important transformational agendas – the 2030 Agenda, which aims to leave no one behind, and Agenda 2063, at the global and regional levels, respectively. We are also working on the reform of our union. As you are well aware, successful implementation of these agendas requires substantial financial resources, most of which must necessarily be mobilized from within the continent. What this means is that the continent cannot afford to continue to suffer from the kinds of financial leakages it has had to contend with over the past several years through various forms of corrupt acts and practices.

Placing the fight against corruption at the top of the agenda of our continental organization is a step in the right direction, considering that nearly half of the population on the continent believes that our Governments have either failed or been unable to properly address the complex and wide-ranging impacts of corruption on resource mobilization, resource allocation and development outcomes on the continent. In 2015, for example, the Global Corruption Barometer estimated the ratio of Africans who perceived corruption to be on the rise to be 58 per cent. Similarly, in 2017, the Ibrahim Index of African Governance reported a “large deterioration in corruption and bureaucracy” (a subcategory of Accountability) across the Africa region over the past five years, a decrease from 44 per cent in 2012 to 37 per cent in 2016, which is a 7 percentage point decline, even as the region registered a slight improvement in terms of corruption investigation, from 31.9 per cent in 2012 to 32.3 per cent in 2016.

Why is the fight against corruption so critical for Africa?

There is general consensus about the threat posed by corruption to the effectiveness of national governance. Corruption, especially Grand corruption, is considered a major governance challenge and an impediment to the ability of African countries to effectively and efficiently mobilize resources needed for their economic development and transformation. Corruption has also been found to impede economic performance, lower institutional efficiency, and discourage investment, thus affecting countries’ capabilities to implement their development plans. Similarly, weak governance institutions, poor accountability, weak audit and oversight institutions, as well as a pervasive influence from the executive are underlying institutional deficiencies that have tended to exacerbate corruption on the continent.

It has been estimated that an increase of corruption by about one index point reduces a country’s GDP growth by 0.13 percentage points. The African Union itself has estimated that every year over \$148 billion are drained out of the continent through various corrupt activities and acts, representing about 25 per cent of Africa’s average GDP. This is a real problem for Africa. For instance, we observed this in Guinea-Bissau during the period 2011-2013, when the country’s score in the Control of Corruption section of the Worldwide Governance Indicators dropped from a percentile rank of close to 12 per cent in 2011 to 4.74 per cent in 2013. During that same period, Guinea-Bissau’s GDP growth rate dropped from 9.33 per cent in 2011 to 0.82 per cent in 2013. This period coincided with the 2012 coup d’état, and was characterized by political instability, weakened public administration and inefficiencies in public financial management.

Another interesting and positive example is Angola. Between 2009 and 2012, Angola's efforts in controlling corruption has improved (from a 2.39 percentile rank to 7.11 per cent), which might have contributed to the increased GDP growth rate of 7.11 per cent in 2012, compared to 2.39 per cent in 2009. Angola's improvement in governance has also contributed to an increased flow of foreign direct investment, which reached 5.98 per cent of GDP in 2013, from 2.90 per cent and 2.92 per cent in 2011 and 2009.

Honourable Ministers,

There has been some progress. But not enough and not fast enough. I wish to congratulate many African Governments for the achievements in improving their governance trajectory, implementing anti-corruption reforms, strengthening anti-corruption organs and institutions, and increasing awareness on the negative effects of corruption. In countries such as Botswana, Cabo Verde, Lesotho, Mauritius and Senegal, the perceived levels of corruption in the public sector institutions have been on the decline.

We have seen the institutionalization of public financial management reforms, including more participatory budget preparation; restructuring of national revenue administrations; streamlining procurement processes and strengthening oversight institutions.

Moreover, the establishment of Parliamentary Public Accounts Committees has improved the oversight function of the legislature. Countries are increasingly demonstrating more transparency in monetary policies and improving the auditing of public funds. Between 2005 and 2015, about 30 African countries improved their budgetary management scores; e-government mechanisms are taking root within public administrations in Africa. Countries such as Cabo Verde, Kenya, Morocco and Rwanda are notably improving public services through digital innovations. We highly commend the use of digital innovations to enhance effective use of public resources and service delivery.

Ladies and gentlemen,

Despite these inroads, corruption remains endemic — threatening the region's transformation and sustainable development. Unfortunately, corruption has become engrained in the fabric of society, and, sadly, in some sections of society, it is becoming the norm rather than abominable. Embezzlement, influence peddling, favouritism or the illegal financing of political establishments and various forms of fraud, are increasingly normalized. Shadow public service systems of unwritten rules, which operate in parallel to the established legal frameworks, are becoming acceptable. Recent assessments underscore that between 2007 and 2016, the continental average score for the corruption and bureaucracy indicator has declined by a concerning -8.7 points over the last decade, with 33 countries registering deterioration. These include Madagascar (-35.60 points), Eritrea (-26.81 points), Mozambique (-17.65 points), Mauritania (-12.35 points), Liberia (-11.42 points) and Libya (11.68 points), to name a few.

In Africa, grand corruption lies at the heart of the nexus between governance and illicit financial flows (IFFs). As the High-level Panel led by former President of South Africa, Thabo Mbeki, found, a staggering \$1 trillion flows illegally out of developing countries annually due to crime, corruption and tax evasion— close to ten times the amount of foreign aid flowing into these same economies. IFFs are most prevalent in our natural resources. More than half (56.2 per cent) of the IFFs from the African continent come from oil, minerals and precious metals.

In terms of trade, many studies have demonstrated that increased trade restrictions, such as tariffs and quotas, provide public officials with higher discretionary powers that are instead used for rent-seeking activities. Customs and border officials often operate in remote posts that are geographically dispersed, with relatively few staff and minimal supervision – an environment very conducive to corruption. For instance, in West Africa, it was reported that there are 2 or 3 checkpoints per 100 km along corridors, and the bribes collected by customs, police, gendarmerie, and other uniformed services range from \$3 to \$23 per 100 km (close to \$200 per average trip).

Honourable Ministers, ladies and gentlemen,

This year, Africa will sign the Continental Free Trade Agreement (CFTA). This aims to give life and hope to the dreams of our youth.

We know that 82 per cent of all African migration is inter-African. We also know from studies done at ECA that intra-Africa trade, which is rising, is adding more value, creates more jobs, increases prosperity, and helps our diversification aspirations more and faster. ECA estimates that the CFTA has the potential both to boost intra-African trade by 53.2 per cent by eliminating import duties, and to double such trade if non-tariff barriers are also reduced.

With the CFTA, Africa is arming itself with a tool for future prosperity, however this agreement will only be as good as our ability to combat corruption and allow for free and unencumbered movement of people, goods and services.

The CFTA can also produce more jobs for Africa's bulging youth population as small and medium-sized enterprises are able to penetrate regional markets and, eventually, overseas markets. Women, who constitute 70 per cent of informal traders, also stand to benefit from the CFTA. This is because by reducing tariffs, simplifying trading and clearing procedures as well as reducing import duties, the CFTA makes it more affordable for informal traders to operate through formal channels, which offer more protection.

Regrettably, trade on the continent would not improve much with the current poor state of Africa's infrastructure. We need our Governments to focus on improving their public-private partnership (PPP) laws, making them transparent and ensuring contracts are indeed the most efficient.

Huge investments are needed to reverse ageing infrastructures and to reignite growth, deliver on the Sustainable Development Goals and reduce climate risks. A "fit for future" infrastructure would enable Africa to leapfrog the inefficient and polluting systems of the past and use this window of opportunity to deliver on inclusive economic growth, produce and use clean energy, plan and build resilient cities, and enhance access to basic services while boosting human capital and quality of life. But this needs strong and transparent institutions.

Honourable Ministers, ladies and gentlemen,

ECA has over the years worked with the African Union and the African Development Bank to design and support anti-corruption programmes. We continue to support the African Peer Review Mechanism (APRM) process and the work on illicit financial flows. We are also working increasingly with Governments to improve their tax and customs processes.

ECA dedicated its fifth edition of its flagship report, *African Governance Report*, to the measurement of corruption, with a particular focus on the international dimensions of the scourge. Following this publication, ECA has partnered with the African Union's Advisory Board on Corruption to initiate a conversation on developing an African-led and African focused measurement of corruption. This has been within the framework of the longstanding collaboration between ECA and the African Union Advisory Board on Corruption, which saw the two institutions develop and roll out a five-year anti-corruption programme. The programme produced a number of outputs including a Model Anti-Corruption Law, and a youth essay competition, intended to groom youth ambassadors to champion the fight against corruption on the continent.

On behalf of the ECA team, we pledge to support the African Union Commission and all the member States in enacting policies that could address the issue of corruption.

These include working with member States to:

1. Strengthen their legal and institutional frameworks in the fight against corruption;
2. Improve fiscal transparency and good financial governance, including improving the public procurement system, contract regime, tax system, and strengthening institutional audit and oversight capacity;
3. Support citizens' participation in areas that should be encouraged, including budget tracking and monitoring, performance of public enterprises, and the delivery of social services;

4. Support the implementation of the African Union Convention on Preventing and Combating Corruption, including strengthening the capacity of the African Union Advisory Board on Corruption;
5. Global advocacy: work with African countries to call upon the advanced economies to fully commit to their obligations under the Anti-Bribery Convention of 1997 of the Organisation for Economic Co-operation and Development, and ensure rigorous enforcement. Indeed, pressure should be exercised on non-complying countries to ensure that firms fully internalize the risks of prosecution when deciding how to carry out business in African countries.

As President Obama said in Kenya in 2015: “Nothing will unlock Africa’s economic potential more than ending the cancer of corruption.”

We commit to working towards this end.

I thank you for your kind attention.
